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108TH CONGRESS
1ST SESSION

H. R. 2441

[Report No. 108-205]

To establish the Millennium Challenge Account to provide increased support for developing countries that have fostered democracy and the rule of law, invested in their citizens, and promoted economic freedom; to assess the impact and effectiveness of United States economic assistance; to authorize the expansion of the Peace Corps, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2003

Mr. HYDE (for himself, Mr. LANTOS, Mr. GREEN of Wisconsin, Ms. HARRIS, Ms. LEE, Mr. CROWLEY, Mr. LAHOOD, and Mr. JANKLOW) introduced the following bill; which was referred to the Committee on International Relations

JULY 14, 2003

Additional sponsors: Mr. BEREUTER, Mrs. MCCARTHY of New York, Mrs. NAPOLITANO, Mr. SHIMKUS, Ms. MCCOLLUM, Mr. CALVERT, Mr. PLATTS, Mr. LARSON of Connecticut, Mr. SCHIFF, Mr. BACHUS, Mr. LEACH, Mr. MCCOTTER, Mr. ENGLISH, Mr. OXLEY, Mr. WHITFIELD, Mr. SIMMONS, Mr. PICKERING, Mr. TERRY, Mrs. MILLER of Michigan, Mr. SMITH of New Jersey, Mr. UPTON, Mr. KING of New York, Mr. BALLENGER, Mr. THORNBERRY, Mr. NETHERCUTT, Mrs. WILSON of New Mexico, Mr. JOHNSON of Illinois, Mr. ISSA, Mrs. NORTHRUP, Mr. ROHRABACHER, Mr. HOUGHTON, Mr. CONYERS, Mr. ACKERMAN, Mr. GRIJALVA, Mr. BOUCHER, Mr. PAYNE, Ms. JACKSON-LEE of Texas, Mr. WYNN, Mr. TIERNEY, Mr. CASE, Mr. FARR, Mr. MORAN of Virginia, Mr. BERMAN, Mr. UDALL of Colorado, Mr. FROST, Ms. WOOLSEY, Mr. WELLER, Mr. LATOURETTE, Mr. FALEOMAVAEGA, Mr. BLUMENAUER, Mr. BELL, Mr. ENGEL, Mr. SNYDER, Mr. SMITH of Washington, Mr. BALLANCE, Ms. ROS-LEHTINEN, Mr. ROGERS of Michigan, Mr. DINGELL, Mr. FRANK of Massachusetts, Mr. PRICE of North Carolina, Mrs. BONO, and Mr. ROYCE

JULY 14, 2003

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 12, 2003]

A BILL

To establish the Millennium Challenge Account to provide increased support for developing countries that have fostered democracy and the rule of law, invested in their citizens, and promoted economic freedom; to assess the impact and effectiveness of United States economic assistance; to authorize the expansion of the Peace Corps, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the “Mil-*
5 *lennium Challenge Account Authorization and Peace Corps*
6 *Expansion Act of 2003”.*

7 (b) *TABLE OF CONTENTS.*—*The table of contents for*
8 *this Act is as follows:*

Sec. 1. Short title; table of contents.

DIVISION A—MILLENNIUM CHALLENGE ACCOUNT

TITLE I—GENERAL PROVISIONS

Sec. 101. Definitions.

Sec. 102. Sunset.

TITLE II—MILLENNIUM CHALLENGE ASSISTANCE

Sec. 201. Findings; statement of policy.

Sec. 202. Authorization of assistance.

- Sec. 203. Eligibility and related requirements.*
Sec. 204. Millennium Challenge Compact.
Sec. 205. Suspension and termination of assistance.
Sec. 206. Annual report.
Sec. 207. Participation of certain United States businesses.
Sec. 208. Authorization of appropriations; related authorities.

TITLE III—MILLENNIUM CHALLENGE CORPORATION

- Sec. 301. Millennium Challenge Corporation.*
Sec. 302. Chief Executive Officer.
Sec. 303. Board of Directors.
Sec. 304. Interagency coordination.
Sec. 305. Powers of the Corporation; related provisions.
Sec. 306. Transparency and accountability of the Corporation.
Sec. 307. Detail of personnel to the Corporation; other authorities and limitations.
Sec. 308. Millennium Challenge Advisory Council.
Sec. 309. Millennium Challenge seed grants.

TITLE IV—PROVISIONS RELATING TO UNITED STATES ECONOMIC ASSISTANCE

- Sec. 401. Definition.*
Sec. 402. Framework for assistance.
Sec. 403. Report relating to impact and effectiveness of assistance.

DIVISION B—REAUTHORIZATION AND EXPANSION OF THE PEACE CORPS

TITLE X—GENERAL PROVISIONS

- Sec. 1001. Definitions.*
Sec. 1002. Findings.

TITLE XI—AMENDMENTS TO PEACE CORPS ACT; RELATED PROVISIONS

- Sec. 1101. Advancing the goals of the Peace Corps.*
Sec. 1102. Reports and consultations.
Sec. 1103. Special volunteer recruitment and placement for certain countries.
Sec. 1104. Global Infectious Diseases Initiative; coordination of HIV/AIDS activities.
Sec. 1105. Peace Corps National Advisory Council.
Sec. 1106. Readjustment allowances.
Sec. 1107. Programs and projects of returned Peace Corps volunteers and former staff.
Sec. 1108. Declaration of policy.
Sec. 1109. Peace Corps in Sierra Leone.
Sec. 1110. Authorization of appropriations.

1 ***DIVISION A—MILLENNIUM***
2 ***CHALLENGE ACCOUNT***
3 ***TITLE I—GENERAL PROVISIONS***

4 ***SEC. 101. DEFINITIONS.***

5 *In this division:*

6 (1) *APPROPRIATE CONGRESSIONAL COMMIT-*
7 *TEES.—The term “appropriate congressional commit-*
8 *tees” means—*

9 (A) *the Committee on International Rela-*
10 *tions and the Committee on Appropriations of*
11 *the House of Representatives; and*

12 (B) *the Committee on Foreign Relations*
13 *and the Committee on Appropriations of the*
14 *Senate.*

15 (2) *BOARD.—The term “Board” means the*
16 *Board of Directors of the Corporation established pur-*
17 *suant to section 303 of this Act.*

18 (3) *COMPACT.—The term “Compact” means the*
19 *Millennium Challenge Compact described in section*
20 *204 of this Act.*

21 (4) *CORPORATION.—The term “Corporation”*
22 *means the Millennium Challenge Corporation estab-*
23 *lished under section 301 of this Act.*

1 (5) *COUNCIL*.—*The term “Council” means the*
2 *Millennium Challenge Advisory Council established*
3 *under section 308 of this Act.*

4 (6) *MILLENNIUM DEVELOPMENT GOALS*.—*The*
5 *term “Millennium Development Goals” means the key*
6 *objectives described in the United Nations Millennium*
7 *Declaration, as contained in United Nations General*
8 *Assembly Resolution 55/2 (September 2000), which*
9 *aim to eradicate extreme poverty and hunger, achieve*
10 *universal primary education, promote gender equality*
11 *and empower women, reduce child mortality, improve*
12 *maternal health, combat HIV/AIDS, malaria, and*
13 *other infectious diseases, ensure environmental sus-*
14 *tainability, and develop a global partnership for de-*
15 *velopment.*

16 **SEC. 102. SUNSET.**

17 *All authorities under this division (other than title IV)*
18 *shall terminate on October 1, 2007.*

19 **TITLE II—MILLENNIUM**
20 **CHALLENGE ASSISTANCE**

21 **SEC. 201. FINDINGS; STATEMENT OF POLICY.**

22 (a) *FINDINGS*.—*Congress finds the following:*

23 (1) *A principal objective of United States foreign*
24 *assistance programs, as stated in section 101 of the*
25 *Foreign Assistance Act of 1961, is the “encouragement*

1 *and sustained support of the people of developing*
2 *countries in their efforts to acquire the knowledge and*
3 *resources essential to development and to build the*
4 *economic, political, and social institutions which will*
5 *improve the quality of their lives”.*

6 *(2) The expanding acceptance of free trade and*
7 *open markets and the spread of democracy and the*
8 *rule of law have brought a better way of life to an*
9 *increasing number of people in the world.*

10 *(3) Inequalities between men and women under-*
11 *mine development and poverty-reduction efforts in*
12 *fundamental ways. A woman’s limited access to re-*
13 *sources and restrictions on the exercise of her rights,*
14 *including the right to participate in social and polit-*
15 *ical processes, disables her from maximizing her con-*
16 *tribution to her family’s health, education, and gen-*
17 *eral well-being.*

18 *(4) On March 14, 2002, the President noted the*
19 *successes of development assistance programs: “The*
20 *advances of free markets and trade and democracy*
21 *and rule of law have brought prosperity to an ever-*
22 *widening circle of people in this world. During our*
23 *lifetime, per capita income in the poorest countries*
24 *has nearly doubled. Illiteracy has been cut by one-*
25 *third, giving more children a chance to learn. Infant*

1 *mortality has been almost halved, giving more chil-*
2 *dren a chance to live.”.*

3 *(5) Development is neither an easy process nor*
4 *a linear one. There are successes and there are fail-*
5 *ures. Today, too many people are still living in pov-*
6 *erty, disease has eroded many of the economic and so-*
7 *cial gains of previous decades, and many countries*
8 *have not adopted policies, for a variety of reasons,*
9 *that would enable them to compete in an open and*
10 *equitable international economic system.*

11 *(6) More countries and more people will be able*
12 *to participate in and benefit from the opportunities*
13 *afforded by the global economy if the following condi-*
14 *tions for sound and sustainable economic development*
15 *are met:*

16 *(A) SECURITY.—Security is necessary for*
17 *economic development. Persistent poverty and*
18 *oppression can lead to hopelessness, despair, and*
19 *to failed states that become havens for terrorists.*

20 *(B) POLICIES THAT SUPPORT BROAD-BASED*
21 *ECONOMIC GROWTH.—Successful long-term devel-*
22 *opment can only occur through broad-based eco-*
23 *nomie growth that enables the poor to increase*
24 *their incomes and have access to productive re-*

1 *sources and services so that they can lead lives*
2 *of decency, dignity, and hope.*

3 (C) *DEMOCRACY AND THE RULE OF LAW.*—
4 *Democratic development, political pluralism,*
5 *and respect for internationally recognized*
6 *human rights are intrinsically linked to eco-*
7 *nomical and social progress. The ability of people*
8 *to participate in the economic and political*
9 *processes affecting their lives is essential to sus-*
10 *tained growth. The rule of law and a commit-*
11 *ment to fight corruption is also critical to the de-*
12 *velopment of a prosperous society.*

13 (D) *INVESTMENTS IN PEOPLE.*—*Economic*
14 *growth and democracy can be sustained only if*
15 *both men and women have the basic tools and*
16 *capabilities that foster the opportunity for par-*
17 *ticipation in the economic, social, and political*
18 *life of their countries. Successful development of*
19 *countries requires citizens who are literate,*
20 *healthy, and prepared and able to work.*

21 (7) *Economic assistance programs authorized*
22 *under part I of the Foreign Assistance Act of 1961,*
23 *as administered by the United States Agency for*
24 *International Development and other Federal agen-*
25 *cies, are of critical importance in assisting countries*

1 *to be in a position to maximize the effectiveness of as-*
2 *stance authorized by this title.*

3 *(8) It is in the national interest of the United*
4 *States to help those countries that are implementing*
5 *the economic and political reforms necessary for de-*
6 *velopment to occur.*

7 *(9) On March 14, 2002, the President stated that*
8 *the “growing divide between wealth and poverty, be-*
9 *tween opportunity and misery, is both a challenge to*
10 *our compassion and a source of instability . . . [w]e*
11 *must confront it . . . [w]e must include every Afri-*
12 *can, every Asian, every Latin American, every Mus-*
13 *lim, in an expanding circle of development.”.*

14 *(10) The President has pledged that funds re-*
15 *quested for the Millennium Challenge Account shall be*
16 *in addition to, and not a substitute for, existing de-*
17 *velopment and humanitarian programs.*

18 *(11) Development assistance alone is not suffi-*
19 *cient to stimulate economic growth and development.*
20 *Assistance has been shown to have a positive impact*
21 *on growth and development in developing countries*
22 *with sound policies and institutions. If countries have*
23 *poor policies and institutions, however, it is highly*
24 *unlikely that assistance will have a net positive effect.*

1 (12) *Economic development, and the achievement*
2 *of the Millennium Development Goals, must be a*
3 *shared responsibility between donor and recipient*
4 *countries.*

5 (b) *STATEMENT OF POLICY REGARDING A NEW COM-*
6 *PACT FOR GLOBAL DEVELOPMENT.—It is, therefore, the pol-*
7 *icy of the United States to support a new compact for global*
8 *development that—*

9 (1) *increases support by donor countries to those*
10 *developing countries that are fostering democracy and*
11 *the rule of law, investing in their people, and pro-*
12 *moting economic freedom for all their people;*

13 (2) *recognizes, however, that it is the developing*
14 *countries themselves that are primarily responsible*
15 *for the achievement of those goals;*

16 (3) *seeks to coordinate the disparate development*
17 *assistance policies of donor countries, and to har-*
18 *monize the trade and finance policies of donor coun-*
19 *tries with their respective development assistance pro-*
20 *grams; and*

21 (4) *aims to reduce poverty by significantly in-*
22 *creasing the economic growth trajectory of beneficiary*
23 *countries through investing in the productive poten-*
24 *tial of the people of such countries.*

1 **SEC. 202. AUTHORIZATION OF ASSISTANCE.**

2 (a) *ASSISTANCE.*—*The President, acting through the*
3 *Chief Executive Officer of the Millennium Challenge Cor-*
4 *poration, is authorized to provide assistance to eligible*
5 *countries to support policies and programs that advance*
6 *the progress of such countries in achieving lasting economic*
7 *growth and poverty reduction and are in furtherance of the*
8 *purposes of this title.*

9 (b) *PRINCIPAL OBJECTIVES.*—*Assistance provided*
10 *under subsection (a) should advance a country’s progress*
11 *toward promoting the following principal objectives:*

12 (1) *FOSTERING DEMOCRATIC SOCIETIES, HUMAN*
13 *RIGHTS, AND THE RULE OF LAW.*—*The assistance*
14 *should promote—*

15 (A) *political, social, and economic plu-*
16 *ralism;*

17 (B) *respect for the rule of law;*

18 (C) *anti-corruption initiatives and law en-*
19 *forcement;*

20 (D) *development of institutions of demo-*
21 *cratic governance, including electoral and legis-*
22 *lative processes;*

23 (E) *transparent and accountable public ad-*
24 *ministration at all levels of government;*

25 (F) *a fair, competent, and independent ju-*
26 *diciary; and*

1 (G) a free and independent media.

2 (2) *FOSTERING INVESTMENT IN EDUCATION AND*
3 *HEALTH INFRASTRUCTURE AND SYSTEMS.—The as-*
4 *sistance should foster improved educational opportu-*
5 *nities and health conditions, particularly for women*
6 *and children, including through—*

7 (A) support for programs and personnel
8 that promote broad-based primary education, in-
9 cluding through the development of academic
10 curricula, by making available textbooks and
11 other educational materials, and through appro-
12 priate use of technology;

13 (B) support for programs to strengthen and
14 build institutions, including primary health care
15 systems, infrastructure, facilities, and personnel
16 that provide quality health care;

17 (C) support for improved systems for the de-
18 livery of healthy water and sanitation services;
19 and

20 (D) support for programs that reduce child
21 mortality (including those programs that combat
22 HIV/AIDS, malaria, tuberculosis, and other in-
23 fectious diseases, consistent with sections 104(c),
24 104A, 104B, and 104C of the Foreign Assistance
25 Act of 1961).

1 (3) *PROMOTING ECONOMIC FREEDOM, BROAD-*
2 *BASED ECONOMIC GROWTH, AND FOSTERING FREE*
3 *MARKET SYSTEMS.—The assistance should foster the*
4 *institutions and conditions needed to promote free*
5 *market systems, trade, and investment, including—*

6 (A) *the reform and restructuring of banking*
7 *and financial systems, including by allowing for-*
8 *foreign competition in the banking and financial*
9 *sectors, where appropriate;*

10 (B) *the development of transparent and effi-*
11 *cient commercial codes and reduction in the reg-*
12 *ulatory burden on business;*

13 (C) *the protection of property rights, in-*
14 *cluding private property and intellectual prop-*
15 *erty rights, including through the adoption and*
16 *effective enforcement of intellectual property*
17 *treaties or international agreements;*

18 (D) *support for market-based policies that*
19 *support increased agricultural production;*

20 (E) *a strong commitment to sound mone-*
21 *tary and budgetary policies;*

22 (F) *the development of small businesses, pri-*
23 *vate cooperatives, credit unions, and trade and*
24 *labor unions;*

1 (G) the protection of internationally recog-
2 nized workers' rights; and

3 (H) the capacity of eligible countries to
4 ameliorate damage to the environment and re-
5 spect other environmental standards.

6 **SEC. 203. ELIGIBILITY AND RELATED REQUIREMENTS.**

7 (a) *ASSISTANCE FOR LOW INCOME COUNTRIES.*—

8 (1) *FISCAL YEAR 2004.*—A country shall be eligi-
9 ble to receive assistance under section 202 for fiscal
10 year 2004 if—

11 (A) the country is eligible for assistance
12 from the International Development Association,
13 and the per capita income of the country is
14 equal to or less than the historical ceiling of the
15 International Development Association for that
16 year, as defined by the International Bank for
17 Reconstruction and Development;

18 (B) subject to paragraph (3), the country is
19 not ineligible to receive United States economic
20 assistance by reason of the application of section
21 116, 490, or 620A of the Foreign Assistance Act
22 of 1961, or by reason of the application of any
23 other provision of law; and

1 (C) the Chief Executive Officer of the Cor-
2 poration determines that the country has dem-
3 onstrated a commitment to—

4 (i) bolster democracy, human rights,
5 good governance and the rule of law;

6 (ii) invest in the health and education
7 of its citizens; and

8 (iii) promote sound economic policies
9 that promote economic freedom and oppor-
10 tunity.

11 (2) *FISCAL YEARS 2005 AND 2006.*—A country
12 shall be eligible to receive assistance under section 202
13 for fiscal years 2005 and 2006 if—

14 (A) the per capita income of the country is
15 equal to or less than the historical ceiling of the
16 International Development Association for the
17 fiscal year involved, as defined by the Inter-
18 national Bank for Reconstruction and Develop-
19 ment;

20 (B) the country meets the requirements of
21 paragraph (1)(B); and

22 (C) the country meets the requirements of
23 clauses (i) through (iii) of paragraph (1)(C), as
24 determined by the Chief Executive Officer.

1 (3) *RULE OF CONSTRUCTION.*—*For the purposes*
2 *of determining whether a country is eligible for re-*
3 *ceiving assistance under section 202 pursuant to*
4 *paragraph (1)(B), the exercise by the President, the*
5 *Secretary of State, or any other officer or employee of*
6 *the United States of any waiver or suspension of any*
7 *provision of law referred to in such paragraph shall*
8 *not be construed as satisfying the requirement of such*
9 *paragraph.*

10 (b) *ASSISTANCE FOR LOWER MIDDLE INCOME COUN-*
11 *TRIES.*—

12 (1) *IN GENERAL.*—*In addition to countries de-*
13 *scribed in subsection (a), a country shall be eligible*
14 *to receive assistance under section 202 for fiscal year*
15 *2006 if the country—*

16 (A) *is classified as a lower middle income*
17 *country in the then most recent edition of the*
18 *World Development Report for Reconstruction*
19 *and Development published by the International*
20 *Bank for Reconstruction and Development;*

21 (B) *meets the requirements of subsection*
22 *(a)(1)(B); and*

23 (C) *meets the requirements of clauses (i)*
24 *through (iii) of subsection (a)(1)(C), as deter-*
25 *mined by the Chief Executive Officer.*

1 (2) *LIMITATION.*—*The total amount of assistance*
2 *provided to countries under this subsection for fiscal*
3 *year 2006 may not exceed 20 percent of the total*
4 *amount of assistance provided to all countries under*
5 *section 202 for fiscal year 2006.*

6 (c) *ASSISTANCE FOR SELECTED LOW INCOME COUN-*
7 *TRIES.*—

8 (1) *IN GENERAL.*—*A country shall be eligible to*
9 *receive assistance for any of fiscal years 2004 through*
10 *2006 solely for the purpose of becoming eligible to re-*
11 *ceive assistance under subsection (a) if the country—*

12 (A) *meets the requirements of paragraphs*
13 (1)(B) and (2)(A) of subsection (a);

14 (B) *demonstrates a commitment to meeting*
15 *the requirements of clauses (i) through (iii) of*
16 *subsection (a)(1)(C), as determined by the Chief*
17 *Executive Officer; but*

18 (C) *fails to meet the eligibility criteria nec-*
19 *essary to receive assistance under section 202, as*
20 *established under subsection (e).*

21 (2) *ADMINISTRATION.*—*Assistance for countries*
22 *eligible by reason of the application of this subsection*
23 *shall be provided through the United States Agency*
24 *for International Development.*

1 (3) *ALLOCATION OF FUNDS.*—*Of the amount au-*
2 *thorized to be appropriated under section 208(a) for*
3 *a fiscal year, not more than 15 percent of such*
4 *amount is authorized to be appropriated to the Presi-*
5 *dent for the fiscal year to carry out this subsection.*

6 (d) *GENERAL AUTHORITY TO DETERMINE ELIGI-*
7 *BILITY.*—

8 (1) *GENERAL AUTHORITY.*—*The Chief Executive*
9 *Officer shall determine whether or not a country is el-*
10 *igible to receive assistance under section 202.*

11 (2) *CONGRESSIONAL NOTIFICATION.*—*Not later*
12 *than 7 days after making a determination of eligi-*
13 *bility for a country under paragraph (1), the Chief*
14 *Executive Officer shall provide notice thereof to the*
15 *appropriate congressional committees. Such notice*
16 *shall include a certification of the determination of*
17 *the Chief Executive Officer that the country meets the*
18 *requirements of clauses (i) through (iii) of subsection*
19 *(a)(1)(C) in accordance with such subsection, sub-*
20 *section (a)(2)(C), subsection (b)(1)(C), or subsection*
21 *(c)(1)(B), as the case may be.*

22 (e) *ELIGIBILITY CRITERIA.*—

23 (1) *INITIAL CRITERIA AND METHODOLOGY.*—*As*
24 *soon as practicable after the date of the enactment of*
25 *this Act, but not later than 30 days prior to making*

1 *any determination of eligibility for a country under*
2 *this section, the Chief Executive Officer—*

3 *(A) shall consult in-person with the appro-*
4 *priate congressional committees with respect to*
5 *the establishment of eligibility criteria and meth-*
6 *odology that the Chief Executive Officer proposes*
7 *to use for purposes of determining eligibility*
8 *under this section;*

9 *(B) shall establish such eligibility criteria*
10 *and methodology; and*

11 *(C) shall prepare and transmit to such com-*
12 *mittees a written report that contains such eligi-*
13 *bility criteria and methodology.*

14 (2) *REVISIONS TO CRITERIA AND METHOD-*
15 *ODOLOGY.—If the Chief Executive Officer proposes to use*
16 *revised or different criteria from the criteria described*
17 *in paragraph (1) in making a determination of eligi-*
18 *bility for a country under this section, then, not later*
19 *than 15 days prior to making such determination, the*
20 *Chief Executive Officer shall consult in-person with*
21 *the appropriate congressional committees with respect*
22 *to such revised or different criteria and methodology*
23 *in accordance with paragraph (1)(A) and shall pre-*
24 *pare and transmit a written report in accordance*
25 *with paragraph (1)(C).*

1 (f) *FORM OF ASSISTANCE; RECIPIENTS.*—

2 (1) *FORM OF ASSISTANCE.*—Assistance provided
3 under section 202 for a country shall be provided to
4 one or more of the entities described in paragraph (2)
5 on a nonrepayable basis and in accordance with a
6 fair, open, and competitive selection process that re-
7 sults in the awarding of such assistance on a merit
8 basis using selection criteria that are made public by
9 the Corporation in advance and are otherwise in ac-
10 cordance with standard and customary best practices
11 for the provision of similar types of assistance.

12 (2) *RECIPIENTS.*—The entities referred to in
13 paragraph (1) are the following:

14 (A) *The national government of the country.*

15 (B) *Regional or local governmental units of*
16 *the country.*

17 (C) *Nongovernmental organizations, includ-*
18 *ing for-profit, not-for-profit, and voluntary orga-*
19 *nizations.*

20 (D) *International organizations and trust*
21 *funds.*

22 (g) *CONGRESSIONAL NOTIFICATION.*—The Chief Exec-
23 utive Officer may not make any grant or enter into any
24 contract for assistance for a country under section 202 that
25 exceeds \$5,000,000 until 15 days after the date on which

1 *the Chief Executive Officer provides notification of the pro-*
2 *posed grant or contract to the appropriate congressional*
3 *committees in accordance with the procedures applicable to*
4 *reprogramming notifications under section 634A of the For-*
5 *eign Assistance Act of 1961.*

6 **SEC. 204. MILLENNIUM CHALLENGE COMPACT.**

7 (a) *COMPACT.*—*The President, acting through the*
8 *Chief Executive Officer of the Corporation, may provide as-*
9 *sistance to an eligible country under section 202 only if*
10 *the country enters into a contract with the United States,*
11 *to be known as a “Millennium Challenge Compact”, that*
12 *establishes a multi-year plan for achieving shared develop-*
13 *ment objectives in furtherance of the purposes of this title,*
14 *and only if the President, acting through the Chief Execu-*
15 *tive Officer, provides to Congress notice regarding such*
16 *Compact pursuant to subsection (h).*

17 (b) *ELEMENTS.*—

18 (1) *IN GENERAL.*—*The Compact shall take into*
19 *account the national development strategy of the eligi-*
20 *ble country and shall contain—*

21 (A) *the specific objectives that the country*
22 *and the United States expect to achieve;*

23 (B) *the responsibilities of the country and*
24 *the United States in the achievement of such ob-*
25 *jectives;*

1 (C) regular benchmarks to measure, where
2 appropriate, progress toward achieving such ob-
3 jectives;

4 (D) an identification of the intended bene-
5 ficiaries, disaggregated by income level, gender,
6 and age, to the maximum extent practicable;

7 (E) a multi-year financial plan, including
8 the estimated amount of contributions by the
9 Corporation and the country and proposed mech-
10 anisms to implement the plan and provide over-
11 sight, that describes how the requirements of sub-
12 paragraphs (A) through (D) will be met, includ-
13 ing identifying the role of civil society in the
14 achievement of such requirements;

15 (F) where appropriate, a description of the
16 responsibility of other donors in the achievement
17 of such objectives; and

18 (G) a plan to ensure appropriate fiscal ac-
19 countability for the use of assistance provided
20 under section 202.

21 (2) LOWER MIDDLE INCOME COUNTRIES.—In ad-
22 dition to the elements described in subparagraphs (A)
23 through (G) of paragraph (1), with respect to a lower
24 middle income country described in section 203(b),
25 the Compact shall identify an appropriate contribu-

1 *tion from the country relative to its national budget,*
2 *taking into account the prevailing economic condi-*
3 *tions, toward meeting the objectives of the Compact.*
4 *Such contribution shall be in addition to government*
5 *spending allocated for such purposes in the country’s*
6 *budget for the year immediately preceding the estab-*
7 *lishment of the Compact and shall continue for the*
8 *duration of the Compact.*

9 *(c) DEFINITION.—In subsection (b), the term “national*
10 *development strategy” means any strategy to achieve mar-*
11 *ket-driven economic growth that has been developed by the*
12 *government of the country in consultation with a wide vari-*
13 *ety of civic participation, including nongovernmental orga-*
14 *nizations, private and voluntary organizations, academia,*
15 *women and student organizations, local trade and labor*
16 *unions, and the business community.*

17 *(d) ADDITIONAL PROVISION RELATING TO PROHIBI-*
18 *TION ON TAXATION.—In addition to the elements described*
19 *in subsection (b), each Compact shall contain a provision*
20 *that states that assistance provided by the United States*
21 *under the Compact shall be exempt from taxation by the*
22 *government of the eligible country.*

23 *(e) LOCAL INPUT.—In entering into a Compact, the*
24 *United States and the eligible country—*

1 (1) shall take into account the local-level perspec-
2 tives of the rural and urban poor in the eligible coun-
3 try; and

4 (2) should consult with private and voluntary
5 organizations, the business community, and other do-
6 nors, in the eligible country.

7 (f) CONSULTATION.—During any discussions with a
8 country for the purpose of entering into a Compact with
9 the country, officials of the Corporation participating in
10 such discussions shall, at a minimum, consult with appro-
11 priate officials of the United States Agency for Inter-
12 national Development, particularly with those officials re-
13 sponsible for the appropriate region or country on develop-
14 ment issues related to the Compact.

15 (g) COORDINATION WITH OTHER DONORS.—To the
16 maximum extent feasible, activities undertaken to achieve
17 the objectives of the Compact shall be undertaken in coordi-
18 nation with the assistance activities of other donors.

19 (h) CONGRESSIONAL AND PUBLIC NOTIFICATION.—Not
20 later than 15 days prior to entering into a Compact with
21 an eligible country, the President, acting through the Chief
22 Executive Officer—

23 (1) shall consult in-person with the appropriate
24 congressional committees with respect to the proposed
25 Compact;

1 (2) shall provide notification of the proposed
2 Compact to the appropriate congressional committees
3 in accordance with the procedures applicable to re-
4 programming notifications under section 634A of the
5 Foreign Assistance Act of 1961;

6 (3) shall prepare and transmit to such commit-
7 tees a written report that contains a detailed sum-
8 mary of the proposed Compact and a copy of the full
9 text of the Compact; and

10 (4) shall publish such detailed summary and full
11 text of the proposed Compact in the Federal Register
12 and on the Internet website of the Corporation.

13 (i) *ASSISTANCE FOR DEVELOPMENT OF COMPACT.*—
14 Notwithstanding subsection (a), the Chief Executive Officer
15 may enter into contracts or make grants for any eligible
16 country for the purpose of facilitating the development of
17 the Compact between the United States and the country.

18 **SEC. 205. SUSPENSION AND TERMINATION OF ASSISTANCE.**

19 (a) *SUSPENSION OF ASSISTANCE.*—

20 (1) *IN GENERAL.*—The President shall suspend
21 assistance in whole or in part for a country under
22 this title if the President determines that—

23 (A) the country is engaged in activities
24 which are contrary to the national security in-
25 terests of the United States;

1 (B) *the elected head of state of the country*
2 *or any member of the country's highest judicial*
3 *tribunal has been removed from that office or*
4 *forcibly detained through extra-constitutional*
5 *processes; or*

6 (C) *the country has failed to adhere to its*
7 *responsibilities under the Compact.*

8 (2) *REINSTATEMENT.*—*The President may rein-*
9 *state assistance for a country under this title only if*
10 *the President determines that the country has dem-*
11 *onstrated a commitment to correcting each condition*
12 *for which assistance was suspended under paragraph*
13 *(1).*

14 (3) *CONGRESSIONAL NOTIFICATION.*—*A suspen-*
15 *sion of assistance under paragraph (1), or a rein-*
16 *statement of assistance under paragraph (2), shall be*
17 *effective beginning 15 days after the date on which the*
18 *President transmits to the appropriate congressional*
19 *committees a report that contains the determination*
20 *of the President under paragraph (1) or paragraph*
21 *(2), as the case may be.*

22 (b) *TERMINATION OF ASSISTANCE.*—

23 (1) *IN GENERAL.*—*The President, acting through*
24 *the Chief Executive Officer of the Corporation, shall*
25 *terminate all assistance for a country under this title*

1 *if the President determines that the country has con-*
2 *sistently failed to adhere to its responsibilities under*
3 *the Compact or has significantly failed to meet the re-*
4 *quirements of this title.*

5 (2) *CONGRESSIONAL NOTIFICATION.*—*A termi-*
6 *nation of assistance under paragraph (1) shall be ef-*
7 *fective beginning 15 days after the date on which the*
8 *President, acting through the Chief Executive Officer,*
9 *provides notification of the proposed termination of*
10 *assistance to the congressional committees specified in*
11 *section 634A(a) of the Foreign Assistance Act of 1961*
12 *in accordance with the procedures applicable to re-*
13 *programming notifications under that section.*

14 **SEC. 206. ANNUAL REPORT.**

15 (a) *REPORT.*—*Not later than April 1, 2005, and not*
16 *later than April 1 of each year thereafter, the Chief Execu-*
17 *tive Officer of the Corporation shall prepare and transmit*
18 *to the appropriate congressional committees a report on the*
19 *implementation of this title for the preceding year.*

20 (b) *CONTENTS.*—*The report shall include the following:*

21 (1) *A description and assessment of the eligi-*
22 *bility criteria and methodology utilized by the Chief*
23 *Executive Officer to determine eligibility for each*
24 *country under section 203.*

1 (2) *A description of the agreed upon measures of*
2 *progress contained in each Compact.*

3 (3)(A) *An analysis, on a country-by-country,*
4 *project-by-project basis, of the impact of assistance*
5 *provided under this title on the economic development*
6 *of each country.*

7 (B) *For each country, the analysis shall—*

8 (i) *to the maximum extent possible, be done*
9 *on a sector-by-sector basis, gender basis, and per*
10 *capita income basis, and identify trends within*
11 *each of these bases;*

12 (ii) *identify economic policy reforms condu-*
13 *cive to economic development that are supported*
14 *by assistance provided under this title;*

15 (iii) *describe, in quantified terms to the ex-*
16 *tent practicable, the progress made in achieving*
17 *assistance objectives for the country;*

18 (iv) *describe the amount and nature of eco-*
19 *nomics assistance provided by other major donors*
20 *which further the purposes of this title; and*

21 (v) *discuss the commitment and contribu-*
22 *tion of the country to achieving the assistance*
23 *objectives contained in its Compact.*

1 **SEC. 207. PARTICIPATION OF CERTAIN UNITED STATES**
2 **BUSINESSES.**

3 (a) *PARTICIPATION.*—To the maximum extent prac-
4 ticable, the President, acting through the Chief Executive
5 Officer, shall ensure that United States small, minority-
6 owned, and disadvantaged business enterprises fully par-
7 ticipate in the provision of goods and services that are fi-
8 nanced with funds made available under this title.

9 (b) *REPORT.*—The Chief Executive Officer shall pre-
10 pare and submit to the appropriate congressional commit-
11 tees an annual report that contains a description of the ex-
12 tent to which the requirement of subsection (a) has been met
13 for the preceding year.

14 **SEC. 208. AUTHORIZATION OF APPROPRIATIONS; RELATED**
15 **AUTHORITIES.**

16 (a) *AUTHORIZATION OF APPROPRIATIONS.*—There are
17 authorized to be appropriated to the President, acting
18 through the Chief Executive Officer of the Corporation, to
19 carry out this division (other than title IV) \$1,300,000,000
20 for fiscal year 2004, \$3,000,000,000 for fiscal year 2005,
21 and \$5,000,000,000 for fiscal year 2006.

22 (b) *ADDITIONAL AUTHORITIES.*—Amounts appro-
23 priated pursuant to the authorization of appropriations
24 under subsection (a)—

25 (1) may be referred to as the “Millennium Chal-
26 lenge Account”;

1 (2) are authorized to remain available until ex-
2 pended; and

3 (3) are in addition to amounts otherwise avail-
4 able for such purposes.

5 **TITLE III—MILLENNIUM**
6 **CHALLENGE CORPORATION**

7 **SEC. 301. MILLENNIUM CHALLENGE CORPORATION.**

8 (a) *ESTABLISHMENT.*—There is hereby established in
9 the executive branch a corporation to be known as the “Mil-
10 lennium Challenge Corporation” that shall be responsible
11 for carrying out title II.

12 (b) *GOVERNMENT CORPORATION.*—The Corporation
13 shall be a Government corporation, as defined in section
14 103 of title 5, United States Code.

15 **SEC. 302. CHIEF EXECUTIVE OFFICER.**

16 (a) *APPOINTMENT.*—The Corporation shall be headed
17 by an individual who shall serve as Chief Executive Officer
18 of the Corporation, who shall be appointed by the President,
19 by and with the advice and consent of the Senate.

20 (b) *COMPENSATION AND RANK.*—

21 (1) *IN GENERAL.*—The Chief Executive Officer
22 shall be compensated at the rate provided for level II
23 of the Executive Schedule under section 5313 of title
24 5, United States Code, and shall have the equivalent
25 rank of Deputy Secretary.

1 (2) *AMENDMENT.*—Section 5313 of title 5,
2 *United States Code, is amended by adding at the end*
3 *the following:*

4 “*Chief Executive Officer, Millennium Challenge*
5 *Corporation.*”.

6 (c) *AUTHORITIES AND DUTIES.*—*The Chief Executive*
7 *Officer shall exercise the powers and discharge the duties*
8 *of the Corporation and any other duties, as conferred on*
9 *the Chief Executive Officer by the President.*

10 (d) *AUTHORITY TO APPOINT OFFICERS.*—*The Chief*
11 *Executive Officer shall appoint all officers of the Corpora-*
12 *tion.*

13 ***SEC. 303. BOARD OF DIRECTORS.***

14 (a) *IN GENERAL.*—*There shall be in the Corporation*
15 *a Board of Directors.*

16 (b) *DUTIES.*—*The Board may prescribe, amend, and*
17 *repeal bylaws, rules, regulations, and procedures governing*
18 *the manner in which the business of the Corporation may*
19 *be conducted and in which the powers granted to it by law*
20 *may be exercised.*

21 (c) *MEMBERSHIP.*—

22 (1) *IN GENERAL.*—*The Board shall consist of—*

23 (A) *the Secretary of State, the Secretary of*
24 *Treasury, the Administrator of the United States*
25 *Agency for International Development, the Chief*

1 *Executive Officer of the Corporation, and the*
2 *United States Trade Representative; and*

3 *(B) four other individuals who shall be ap-*
4 *pointed by the President, by and with the advice*
5 *and consent of the Senate, of which—*

6 *(i) one individual shall be appointed*
7 *from among a list of individuals submitted*
8 *by the majority leader of the House of Rep-*
9 *resentatives;*

10 *(ii) one individual shall be appointed*
11 *from among a list of individuals submitted*
12 *by the minority leader of the House of Rep-*
13 *resentatives;*

14 *(iii) one individual shall be appointed*
15 *from among a list of individuals submitted*
16 *by the majority leader of the Senate; and*

17 *(iv) one individual shall be appointed*
18 *from among a list of individuals submitted*
19 *by the minority leader of the Senate.*

20 (2) *EX-OFFICIO MEMBERS.—In addition to mem-*
21 *bers of the Board described in paragraph (1), the Di-*
22 *rector of the Office of Management and Budget, the*
23 *President and Chief Executive Officer of the Overseas*
24 *Private Investment Corporation, the Director of the*
25 *Trade and Development Agency, and the Director of*

1 *the Peace Corps shall be non-voting members, ex offi-*
2 *cio, of the Board.*

3 (d) *TERMS.—*

4 (1) *OFFICERS OF FEDERAL GOVERNMENT.—Each*
5 *member of the Board described in paragraphs (1)(A)*
6 *and (2) of subsection (c) shall serve for a term that*
7 *is concurrent with the term of service of the individ-*
8 *ual's position as an officer within the other Federal*
9 *department or agency.*

10 (2) *OTHER MEMBERS.—Each member of the*
11 *Board described in subsection (c)(1)(B) shall be ap-*
12 *pointed for a term of 3 years and may be reappointed*
13 *for a term of an additional 2 years.*

14 (3) *VACANCIES.—A vacancy in the Board shall*
15 *be filled in the manner in which the original appoint-*
16 *ment was made.*

17 (e) *CHAIRPERSON.—The Secretary of State shall serve*
18 *as the Chairperson of the Board.*

19 (f) *QUORUM.—A majority of the members of the Board*
20 *shall constitute a quorum, which shall include at least one*
21 *member of the Board described in subsection (c)(1)(B).*

22 (g) *MEETINGS.—The Board shall meet at the call of*
23 *the Chairperson.*

24 (h) *COMPENSATION.—*

25 (1) *OFFICERS OF FEDERAL GOVERNMENT.—*

1 (A) *IN GENERAL.*—A member of the Board
2 described in paragraphs (1)(A) and (2) of sub-
3 section (c) may not receive additional pay, al-
4 lowances, or benefits by reason of their service on
5 the Board.

6 (B) *TRAVEL EXPENSES.*—Each such mem-
7 ber of the Board shall receive travel expenses, in-
8 cluding per diem in lieu of subsistence, in ac-
9 cordance with applicable provisions under sub-
10 chapter I of chapter 57 of title 5, United States
11 Code.

12 (2) *OTHER MEMBERS.*—

13 (A) *IN GENERAL.*—Except as provided in
14 paragraph (2), a member of the Board described
15 in subsection (c)(1)(B)—

16 (i) shall be paid compensation out of
17 funds made available for the purposes of
18 this title at the daily equivalent of the high-
19 est rate payable under section 5332 of title
20 5, United States Code, for each day (includ-
21 ing travel time) during which the member
22 is engaged in the actual performance of du-
23 ties as a member of the Board; and

24 (ii) while away from the member's
25 home or regular place of business on nec-

1 *rying out the functions of the Corporation and all*
2 *Compacts;*

3 *(3) may make and perform such contracts,*
4 *grants, and other agreements with any individual,*
5 *corporation, or other private or public entity, however*
6 *designated and wherever situated, as may be nec-*
7 *essary for carrying out the functions of the Corpora-*
8 *tion;*

9 *(4) may determine and prescribe the manner in*
10 *which its obligations shall be incurred and its ex-*
11 *penses allowed and paid, including expenses for rep-*
12 *resentation not exceeding \$95,000 in any fiscal year;*

13 *(5) may lease, purchase, or otherwise acquire,*
14 *own, hold, improve, use or otherwise deal in and with*
15 *such property (real, personal, or mixed) or any inter-*
16 *est therein, wherever situated, as may be necessary for*
17 *carrying out the functions of the Corporation;*

18 *(6) may accept gifts or donations of services or*
19 *of property (real, personal, or mixed), tangible or in-*
20 *tangible, in furtherance of the purposes of this divi-*
21 *sion;*

22 *(7) may hire or obtain passenger motor vehicles;*

23 *(8) may use the United States mails in the same*
24 *manner and on the same conditions as the Executive*

1 *departments (as defined in section 101 of title 5,*
2 *United States Code);*

3 *(9) may, with the consent of any Executive agen-*
4 *cy (as defined in section 105 of title 5, United States*
5 *Code), use the information, services, facilities, and*
6 *personnel of that agency on a full or partial reim-*
7 *bursement in carrying out the purposes of this divi-*
8 *sion; and*

9 *(10) may sue and be sued, complain, and defend,*
10 *in its corporate name in any court of competent ju-*
11 *risdiction.*

12 *(b) OFFICES.—*

13 *(1) PRINCIPAL OFFICE.—The Corporation shall*
14 *maintain its principal office in the metropolitan area*
15 *of Washington, District of Columbia.*

16 *(2) OTHER OFFICES.—The Corporation may es-*
17 *tablish other offices in any place or places outside the*
18 *United States in which the Corporation may carry*
19 *out any or all of its operations and business.*

20 *(c) COOPERATION WITH OTHER FEDERAL DEPART-*
21 *MENTS AND AGENCIES.—In order to avoid unnecessary ex-*
22 *pense and duplication of functions, efforts, and activities*
23 *between the Corporation and other Federal departments*
24 *and agencies the Chief Executive Officer, or the Chief Exec-*
25 *utive Officer's designee—*

1 (1)(A) shall consult, to the maximum extent
2 *practicable, with the Administrator of the United*
3 *States Agency for International Development, or the*
4 *Administrator's designee, in order to coordinate the*
5 *activities of the Corporation and the Agency for Inter-*
6 *national Development; and*

7 (B) shall consult with the heads of other depart-
8 *ments and agencies to ensure similar coordination of*
9 *activities;*

10 (2)(A) shall ensure proper coordination of activi-
11 *ties of the Corporation with the provision of develop-*
12 *ment assistance of relevant international financial in-*
13 *stitutions, including the International Bank for Re-*
14 *construction and Development, the International*
15 *Monetary Fund, and the regional multilateral devel-*
16 *opment banks; and*

17 (B) shall provide to each United States Execu-
18 *tive Director (or other United States representative)*
19 *to the relevant international financial institutions a*
20 *copy of each proposed Compact between the United*
21 *States and an eligible country and a copy of each*
22 *such final Compact.*

23 (d) *POSITIONS WITH FOREIGN GOVERNMENTS.*—When
24 *approved by the Corporation, in furtherance of its purposes,*
25 *employees of the Corporation (including individuals de-*

1 tailed to the Corporation) may accept and hold offices or
2 positions to which no compensation is attached with govern-
3 ments or governmental agencies of foreign countries or with
4 international organizations.

5 **SEC. 306. TRANSPARENCY AND ACCOUNTABILITY OF THE**
6 **CORPORATION.**

7 *The Corporation and its officers and employees shall*
8 *be subject to the provisions of section 552 of title 5, United*
9 *States Code (relating to freedom of information).*

10 **SEC. 307. DETAIL OF PERSONNEL TO THE CORPORATION;**
11 **OTHER AUTHORITIES AND LIMITATIONS.**

12 (a) *DETAIL OF PERSONNEL.—Upon request of the*
13 *Chief Executive Officer of the Corporation, the head of an*
14 *agency may detail any employee of such agency to the Cor-*
15 *poration on a fully or partially reimbursable basis. Any*
16 *employee so detailed remains, for the purpose of preserving*
17 *such employee's allowances, privileges, rights, seniority, and*
18 *other benefits, an employee of the agency from which de-*
19 *tailed.*

20 (b) *LIMITATION ON TOTAL SERVICE.—*

21 (1) *IN GENERAL.—Except as provided in para-*
22 *graph (2), no individual may serve in or under the*
23 *Corporation (whether as an employee of the Corpora-*
24 *tion, a detailee to the Corporation, or a combination*
25 *thereof) for a total period exceeding 5 years.*

1 (2) *EXCEPTIONS.*—

2 (A) *EXTENSION AUTHORITY.*—*The Chief*
3 *Executive Officer may extend the 5-year period*
4 *under paragraph (1) for up to an additional 3*
5 *years, in the case of any particular individual,*
6 *if the Chief Executive Officer determines that*
7 *such extension is essential to the achievement of*
8 *the purposes of this division.*

9 (B) *OFFICERS.*—*Nothing in this subsection*
10 *shall limit the period for which an individual*
11 *may serve as an officer of the Corporation ap-*
12 *pointed pursuant to section 302(d) nor shall any*
13 *period of service as such an officer be taken into*
14 *account for purposes of applying this subsection.*

15 (c) *REEMPLOYMENT RIGHTS.*—

16 (1) *IN GENERAL.*—*An employee of an agency*
17 *who is serving under a career or career conditional*
18 *appointment (or the equivalent), and who, with the*
19 *consent of the head of such agency, transfers to the*
20 *Corporation, is entitled to be reemployed in such em-*
21 *ployee's former position or a position of like seniority,*
22 *status, and pay in such agency, if such employee—*

23 (A) *is separated from the Corporation—*

24 (i) *by reason of the application of sub-*
25 *section (b); or*

1 (ii) for any other reason, other than
2 misconduct, neglect of duty, or malfeasance;
3 and

4 (B) applies for reemployment not later than
5 90 days after the date of separation from the
6 Corporation.

7 (2) *SPECIFIC RIGHTS.*—An employee who satis-
8 fies paragraph (1) is entitled to be reemployed (in ac-
9 cordance with such paragraph) within 30 days after
10 applying for reemployment and, on reemployment, is
11 entitled to at least the rate of basic pay to which such
12 employee would have been entitled had such employee
13 never transferred.

14 (d) *BASIC PAY.*—The Chief Executive Officer may fix
15 the rate of basic pay of employees of the Corporation with-
16 out regard to the provisions of—

17 (1) chapter 51 of title 5, United States Code (re-
18 lating to the classification of positions), and

19 (2) subchapter III of chapter 53 of such title (re-
20 lating to General Schedule pay rates),

21 except that no employee of the Corporation may receive a
22 rate of basic pay that exceeds the rate for level II of the
23 Executive Schedule under section 5313 of such title.

24 (e) *ASSIGNMENT TO UNITED STATES EMBASSIES.*—An
25 employee of the Corporation, including an individual de-

1 *tailed to or contracted by the Corporation, may be assigned*
2 *to a United States diplomatic mission or consular post, or*
3 *United States Agency for International Development field*
4 *mission.*

5 (f) *PRIVILEGES AND IMMUNITIES.*—*The Secretary of*
6 *State shall seek to ensure that an employee of the Corpora-*
7 *tion, including an individual detailed to or contracted by*
8 *the Corporation, and the members of the family of such em-*
9 *ployee, while the employee is performing duties in any*
10 *country or place outside the United States, enjoy the privi-*
11 *leges and immunities that are enjoyed by a member of the*
12 *Foreign Service, or the family of a member of the Foreign*
13 *Service, as appropriate, of comparable rank and salary of*
14 *such employee, if such employee or a member of the family*
15 *of such employee is not a national of or permanently resi-*
16 *dent in such country or place.*

17 (g) *RESPONSIBILITY OF CHIEF OF MISSION.*—*An em-*
18 *ployee of the Corporation, including an individual detailed*
19 *to or contracted by the Corporation, and a member of the*
20 *family of such employee, shall be subject to section 207 of*
21 *the Foreign Service Act of 1980 (22 U.S.C. 3927) in the*
22 *same manner as United States Government employees while*
23 *the employee is performing duties in any country or place*
24 *outside the United States if such employee or member of*

1 *the family of such employee is not a national of or perma-*
2 *nently resident in such country or place.*

3 *(h) ALLOCATION OF FUNDS.—*

4 *(1) IN GENERAL.—The Corporation may allocate*
5 *or transfer to the United States Agency for Inter-*
6 *national Development or any other agency any part*
7 *of any funds available for carrying out the purposes*
8 *of this division. Such funds shall be available for obli-*
9 *gation and expenditure for the purposes for which au-*
10 *thorized, in accordance with authority granted in this*
11 *title or under authority governing the activities of the*
12 *agencies of the United States Government to which*
13 *such funds are allocated or transferred.*

14 *(2) CONGRESSIONAL NOTIFICATION.—The Chief*
15 *Executive Officer shall notify the appropriate congres-*
16 *sional committees not later than 15 days prior to a*
17 *transfer of funds under paragraph (1) that exceeds*
18 *\$5,000,000.*

19 *(3) USE OF SERVICES.—For carrying out the*
20 *purposes of this division, the Corporation may utilize*
21 *the services and facilities of, or procure commodities*
22 *from, any agency under such terms and conditions as*
23 *may be agreed to by the head of the agency and the*
24 *Corporation.*

1 (i) *FUNDING LIMITATION.*—*Of the funds allocated*
2 *under subsection (h) in any fiscal year, not more than 7*
3 *percent of such funds may be used for administrative ex-*
4 *penses.*

5 (j) *OTHER AUTHORITIES.*—*Except to the extent incon-*
6 *sistent with the provisions of this division, the administra-*
7 *tive authorities under chapters 1 and 2 of part III of the*
8 *Foreign Assistance Act of 1961 shall apply to the provision*
9 *of assistance under this division to the same extent and in*
10 *the same manner as such authorities apply to the provision*
11 *of economic assistance under part I of such Act.*

12 (k) *APPLICABILITY OF GOVERNMENT CORPORATION*
13 *CONTROL ACT.*—

14 (1) *IN GENERAL.*—*The Corporation shall be sub-*
15 *ject to the provisions of chapter 91 of subtitle VI of*
16 *title 31, United States Code, except that the Corpora-*
17 *tion shall not be authorized to issue obligations or*
18 *offer obligations to the public.*

19 (2) *CONFORMING AMENDMENT.*—*Section 9101(3)*
20 *of title 31, United States Code, is amended by adding*
21 *at the end the following:*

22 “(Q) *the Millennium Challenge Corpora-*
23 *tion.*”

24 (l) *INSPECTOR GENERAL.*—

1 (1) *IN GENERAL.*—*The Inspector General of the*
2 *United States Agency for International Development*
3 *shall serve as Inspector General of the Corporation,*
4 *and, in acting in such capacity, may conduct re-*
5 *views, investigations, and inspections of all aspects of*
6 *the operations and activities of the Corporation.*

7 (2) *AUTHORITY OF THE BOARD.*—*In carrying*
8 *out its responsibilities under this subsection, the In-*
9 *pector General shall report to the Board of Directors.*

10 (3) *REIMBURSEMENT.*—*The Corporation shall*
11 *reimburse the United States Agency for International*
12 *Development for all expenses incurred by the Inspec-*
13 *tor General in connection with the Inspector Gen-*
14 *eral's responsibilities under this subsection.*

15 (m) *COMPTROLLER GENERAL.*—

16 (1) *IN GENERAL.*—*The Comptroller General shall*
17 *conduct audits, evaluations, and investigations of the*
18 *Corporation.*

19 (2) *SCOPE.*—*The activities and financial trans-*
20 *actions of the Corporation for any fiscal year during*
21 *which Federal funds are available to finance any por-*
22 *tion of its operations may be evaluated, investigated,*
23 *or audited by the Comptroller General in accordance*
24 *with such rules and regulations as may be prescribed*
25 *by the Comptroller General.*

1 (3) *ACCESS AND RECORDS.*—Any evaluation, in-
2 vestigation, or audit shall be conducted at the place
3 or places where pertinent information of the Corpora-
4 tion is normally kept. The representatives of the Gen-
5 eral Accounting Office shall have access to all books,
6 accounts, financial records, reports, files, and other
7 papers or property belonging to or in use by the Cor-
8 poration and necessary to facilitate the evaluation,
9 investigation, or audit; and full facilities for verifying
10 transactions with the balances and securities held by
11 depositories, fiscal agents, and custodians shall be af-
12 forded to such representatives. All such books, ac-
13 counts, financial records, reports, files, and other pa-
14 pers or property of the Corporation shall remain in
15 the possession and custody of the Corporation
16 throughout the period beginning on the date such pos-
17 session or custody commences and ending three years
18 after such date, but the General Accounting Office
19 may require the retention of such books, accounts, fi-
20 nancial records, reports, files, papers, or property for
21 a longer period under section 3523(c) of title 31,
22 United States Code.

23 (4) *REPORT.*—A report of such audit, evalua-
24 tion, or investigation shall be made by the Comp-
25 troller General to the appropriate congressional com-

1 *mittees and to the President, together with such rec-*
2 *ommendations with respect thereto as the Comptroller*
3 *General shall deem advisable.*

4 *(n) DEFINITIONS.—For purposes of this section—*

5 *(1) the term “agency” means an Executive agen-*
6 *cy, as defined by section 105 of title 5, United States*
7 *Code; and*

8 *(2) the term “detail” means the assignment or*
9 *loan of an employee, without a change of position,*
10 *from the agency by which such employee is employed*
11 *to the Corporation.*

12 **SEC. 308. MILLENNIUM CHALLENGE ADVISORY COUNCIL.**

13 *(a) ESTABLISHMENT.—There is hereby established in*
14 *the executive branch an advisory council to the Corporation*
15 *to be known as the Millennium Challenge Advisory Council.*

16 *(b) FUNCTIONS.—*

17 *(1) GENERAL FUNCTIONS.—The Council shall*
18 *advise and consult with the Chief Executive Officer of*
19 *the Corporation and the Board of Directors with re-*
20 *spect to policies and programs designed to further the*
21 *purposes of this division and shall periodically report*
22 *to the Congress with respect to the activities of the*
23 *Corporation. In addition, the Council shall review on*
24 *an annual basis the criteria and methodology used to*
25 *determine eligibility of countries for assistance under*

1 *title II and make recommendations to the Chief Exec-*
2 *utive Officer and the Board to improve the effective-*
3 *ness of such criteria and methodology in order to*
4 *achieve the purposes of this division.*

5 (2) *ADDITIONAL FUNCTIONS.—Members of the*
6 *Council shall (subject to subsection (d)(1)) conduct*
7 *on-site inspections, and make examinations, of the ac-*
8 *tivities of the Corporation in the United States and*
9 *in other countries in order to—*

10 (A) *evaluate the accomplishments of the*
11 *Corporation;*

12 (B) *assess the potential capabilities and the*
13 *future role of the Corporation;*

14 (C) *make recommendations to the Chief Ex-*
15 *ecutive Officer, the Board of Directors, and Con-*
16 *gress, for the purpose of guiding the future direc-*
17 *tion of the Corporation and of helping to ensure*
18 *that the purposes and programs of the Corpora-*
19 *tion are carried out in ways that are economical,*
20 *efficient, responsive to changing needs in devel-*
21 *oping countries and to changing relationships*
22 *among people, and in accordance with law; and*

23 (D) *make such other evaluations, assess-*
24 *ments, and recommendations as the Council con-*
25 *siders appropriate.*

1 (3) *PUBLIC PARTICIPATION.*—*The Council may*
2 *provide for public participation in its activities, con-*
3 *sistent with section 552b of title 5, United States*
4 *Code.*

5 (c) *MEMBERSHIP.*—

6 (1) *IN GENERAL.*—*The Council shall consist of*
7 *seven individuals, who shall be appointed by the Chief*
8 *Executive Officer, and who shall be broadly represent-*
9 *ative of nongovernmental entities with expertise and*
10 *interest in international trade and economic develop-*
11 *ment, including business and business associations,*
12 *trade and labor unions, private and voluntary orga-*
13 *nizations, foundations, public policy organizations,*
14 *academia, and other entities as the Chief Executive*
15 *Officer determines appropriate.*

16 (2) *ADDITIONAL REQUIREMENT.*—*No member*
17 *appointed under paragraph (1) may be an officer or*
18 *employee of the United States Government.*

19 (d) *COMPENSATION.*—

20 (1) *IN GENERAL.*—*Except as provided in para-*
21 *graph (2), a member of the Council—*

22 (A) *shall be paid compensation out of funds*
23 *made available for the purposes of this title at*
24 *the daily equivalent of the highest rate payable*
25 *under section 5332 of title 5, United States Code,*

1 *for each day (including travel time) during*
2 *which the member is engaged in the actual per-*
3 *formance of duties as a member of the Council;*
4 *and*

5 *(B) while away from the member's home or*
6 *regular place of business on necessary travel, as*
7 *determined by the Chief Executive Officer, in the*
8 *actual performance of duties as a member of the*
9 *Council, shall be paid per diem, travel, and*
10 *transportation expenses in the same manner as*
11 *is provided under subchapter I of chapter 57 of*
12 *title 5, United States Code.*

13 *(2) LIMITATION.—A member of the Council may*
14 *not be paid compensation under paragraph (1)(A) for*
15 *more than thirty days in any calendar year.*

16 *(e) QUORUM.—A majority of the members of the Coun-*
17 *cil shall constitute a quorum for the purposes of transacting*
18 *any business.*

19 *(f) FINANCIAL INTERESTS OF MEMBERS.—A member*
20 *of the Council shall disclose to the Chairperson of the Coun-*
21 *cil and the Chief Executive Officer of the existence of any*
22 *direct or indirect financial interest of that member in any*
23 *particular matter before the Council and may not vote or*
24 *otherwise participate as a Council member with respect to*
25 *that particular matter.*

1 (g) *CHAIRPERSON.*—*The Chief Executive Officer shall*
2 *designate one of the members of the Council as Chairperson,*
3 *who shall serve in that capacity for a term of two years.*
4 *The Chief Executive Officer may renew the term of the*
5 *member appointed as Chairperson under the preceding sen-*
6 *tence.*

7 (h) *MEETINGS, BYLAWS, AND REGULATIONS.*—

8 (1) *MEETINGS.*—*The Council shall hold a reg-*
9 *ular meeting during each calendar quarter and shall*
10 *meet at the call of the President, the Chief Executive*
11 *Officer, the Chairperson of the Board, the Chairperson*
12 *of the Council, or two members of the Council.*

13 (2) *BYLAWS AND REGULATIONS.*—*The Council*
14 *shall prescribe such bylaws and regulations as it con-*
15 *siders necessary to carry out its functions. Such by-*
16 *laws and regulations shall include procedures for fix-*
17 *ing the time and place of meetings, giving or waiving*
18 *of notice of meetings, and keeping of minutes of meet-*
19 *ings.*

20 (i) *REPORT TO THE PRESIDENT, CHIEF EXECUTIVE*
21 *OFFICER, AND BOARD.*—

22 (1) *REPORT.*—*Not later than January 1, 2005,*
23 *and not later than January 1 of each year thereafter*
24 *that the Corporation is in existence, the Council shall*
25 *submit to the President, the Chief Executive Officer,*

1 *and the Board a report on its views on the programs*
2 *and activities of the Corporation.*

3 (2) *CONTENTS.—Each report shall contain a*
4 *summary of the advice and recommendations pro-*
5 *vided by the Council to the Chief Executive Officer*
6 *and the Board during the period covered by the report*
7 *and such recommendations (including recommenda-*
8 *tions for administrative or legislative action) as the*
9 *Council considers appropriate to make to the Con-*
10 *gress.*

11 (3) *ADDITIONAL REQUIREMENT.—Not later than*
12 *90 days after receiving each such report, the Chief*
13 *Executive Officer shall transmit to Congress a copy of*
14 *the report, together with any comments concerning the*
15 *report that the Chief Executive Officer considers ap-*
16 *propriate.*

17 (j) *ADMINISTRATIVE ASSISTANCE.—The Chief Execu-*
18 *tive Officer shall make available to the Council such per-*
19 *sonnel, administrative support services, and technical as-*
20 *sistance as are necessary to carry out its functions effec-*
21 *tively.*

22 (k) *TERMINATION.—Section 14(a)(2)(B) of the Federal*
23 *Advisory Committee Act (5 U.S.C. App.; relating to the ter-*
24 *mination of advisory committees) shall not apply to the*
25 *Council. Notwithstanding section 102 of this Act, the au-*

1 *thorities of the Council shall terminate on December 31,*
2 *2007.*

3 **SEC. 309. MILLENNIUM CHALLENGE SEED GRANTS.**

4 *(a) FINDINGS.—Congress finds the following:*

5 *(1) Many countries in the developing world lack*
6 *the academic and public policy advocacy base essen-*
7 *tial to attaining the principal objectives of the Millen-*
8 *nium Challenge Account.*

9 *(2) Because of widespread government repression*
10 *of free speech and poverty, the countries of Africa in*
11 *particular suffer an acute shortage of nongovern-*
12 *mental organizations which effectively study and pro-*
13 *mote the principal objectives of the Millennium Chal-*
14 *lenge Account.*

15 *(3) The Millennium Challenge Account will*
16 *struggle to reach its goals unless countries in the de-*
17 *veloping world possess a home grown intellectual com-*
18 *mitment and culture of advocacy aimed at promoting*
19 *its principal objectives.*

20 *(b) ASSISTANCE.—The Chief Executive Officer of the*
21 *Corporation is authorized to provide assistance in support*
22 *of nongovernmental organizations, (including universities*
23 *and independent foundations and other organizations) in*
24 *low income and lower middle income countries, which are*
25 *undertaking research, education, and advocacy efforts*

1 *aimed at promoting democratic societies, human rights, the*
2 *rule of law, improved educational opportunities and health*
3 *conditions, particularly for women and children, and eco-*
4 *nomie freedom.*

5 *(c) LIMITATION.—Not more than \$10,000,000 of the*
6 *amount made available to carry out this division for a fis-*
7 *cal year may be made available to carry out this section.*

8 **TITLE IV—PROVISIONS RELAT-**
9 **ING TO UNITED STATES ECO-**
10 **NOMIC ASSISTANCE**

11 **SEC. 401. DEFINITION.**

12 *In this title, the term “United States economic assist-*
13 *ance” means any bilateral economic assistance, from any*
14 *budget functional category, that is provided by any depart-*
15 *ment or agency of the United States to a foreign country,*
16 *including such assistance that is intended—*

17 *(1) to assist the development and economic ad-*
18 *vancement of friendly foreign countries and peoples,*
19 *including assistance provided under title II (relating*
20 *to the Millennium Challenge Account);*

21 *(2) to promote the freedom, aspirations, or suste-*
22 *nance of friendly peoples under oppressive rule by un-*
23 *friendly governments;*

1 (3) to promote international trade and foreign
2 direct investment as a means of aiding economic
3 growth;

4 (4) to save lives and alleviate suffering of foreign
5 peoples during or following war, natural disaster, or
6 complex crisis;

7 (5) to assist in recovery and rehabilitation of
8 countries or peoples following disaster or war;

9 (6) to protect refugees and promote durable solu-
10 tions to aid refugees;

11 (7) to promote sound environmental practices;

12 (8) to assist in development of democratic insti-
13 tutions and good governance by the people of foreign
14 countries;

15 (9) to promote peace and reconciliation or pre-
16 vention of conflict;

17 (10) to improve the technical capacities of gov-
18 ernments to reduce production of and demand for il-
19 licit narcotics; and

20 (11) to otherwise promote through bilateral for-
21 eign economic assistance the national objectives of the
22 United States.

23 **SEC. 402. FRAMEWORK FOR ASSISTANCE.**

24 (a) *SENSE OF CONGRESS.*—It is the sense of Congress
25 that a coherent framework for United States economic as-

1 *sistance should be established in accordance with this sec-*
2 *tion.*

3 (b) *ELEMENTS.*—*The framework described in sub-*
4 *section (a) includes the following elements:*

5 (1) *The United States Agency for International*
6 *Development, under the direction and foreign policy*
7 *guidance of the Secretary of State, should be respon-*
8 *sible for—*

9 (A) *providing assistance to countries that*
10 *face natural and man-made disasters in order to*
11 *provide humanitarian relief to the peoples of*
12 *such countries, in coordination with refugee pro-*
13 *grams administered by the Department of State;*

14 (B) *providing assistance to countries that*
15 *are suffering from conflicts or are in post-conflict*
16 *situations in order to provide humanitarian re-*
17 *lief, transition assistance, and reconstruction as-*
18 *sistance;*

19 (C) *providing assistance to help moderate-*
20 *to-poorly performing countries achieve develop-*
21 *ment progress in the areas described in part I of*
22 *the Foreign Assistance Act of 1961, including*
23 *progress toward becoming eligible for assistance*
24 *under this title, and to promote international*
25 *health worldwide, as well as assisting in the de-*

1 *velopment of country and regional development*
2 *strategies;*

3 *(D) addressing transnational problems, such*
4 *as environmental degradation, food insecurity,*
5 *and health problems; and*

6 *(E) assisting other Federal departments and*
7 *agencies, including the Corporation established*
8 *under title III, to carry out assistance activities*
9 *abroad, including providing technical assistance*
10 *and advice to such departments and agencies, co-*
11 *ordinating its assistance programs with such de-*
12 *partments and agencies, and using its field of-*
13 *fices to help implement such assistance.*

14 *(2) The Corporation established under title III*
15 *should provide assistance to countries that have dem-*
16 *onstrated a commitment to bolstering democracy,*
17 *good governance, and the rule of law, to investing in*
18 *the health and educations of their people, and to pro-*
19 *moting sound economic policies that foster economic*
20 *opportunity for their people.*

21 *(3) The Department of State should be respon-*
22 *sible for allocating security assistance to support key*
23 *foreign policy objectives of the United States and shall*
24 *administer assistance in such areas as non-prolifera-*

1 *framework established in section 402 to each country during*
2 *the preceding three fiscal years. The report shall include*
3 *the following for each recipient country:*

4 (1) *An analysis of the impact of United States*
5 *economic assistance during the preceding three fiscal*
6 *years on economic development in that country, with*
7 *a discussion of the United States interests that were*
8 *served by the assistance. This analysis shall be done*
9 *on a sector-by-sector basis to the extent possible and*
10 *shall identify any economic policy reforms which were*
11 *promoted by the assistance. This analysis shall—*

12 (A) *include a description, quantified to the*
13 *extent practicable, of the specific objectives the*
14 *United States sought to achieve in providing eco-*
15 *nomics assistance for that country, and*

16 (B) *specify the extent to which those objec-*
17 *tives were not achieved, with an explanation of*
18 *why they were not achieved.*

19 (2) *A description of the amount and nature of*
20 *economic assistance provided by other donors during*
21 *the preceding three fiscal years, set forth by develop-*
22 *ment sector to the extent possible.*

23 (3) *A discussion of the commitment of the host*
24 *government to addressing the country's needs in each*
25 *development sector, including a description of the re-*

1 *sources devoted by that government to each develop-*
2 *ment sector during the preceding three fiscal years.*

3 (4) *A description of the trends, both favorable*
4 *and unfavorable, in each development sector.*

5 (5) *Statistical and other information necessary*
6 *to evaluate the impact and effectiveness of United*
7 *States economic assistance on development in the*
8 *country.*

9 (6) *A comparison of the analysis provided in the*
10 *report with relevant analyses by international finan-*
11 *cial institutions, other international organizations,*
12 *other donor countries, or nongovernmental organiza-*
13 *tions.*

14 (b) *LISTING OF MOST AND LEAST SUCCESSFUL AS-*
15 *SISTANCE PROGRAMS.—The report required by this section*
16 *shall identify—*

17 (1) *each country in which United States eco-*
18 *nomics assistance has been most successful, as indi-*
19 *cated by the extent to which the specific objectives the*
20 *United States sought to achieve in providing the as-*
21 *sistance for the country, as referred to in subsection*
22 *(a)(1)(A), were achieved; and*

23 (2) *each country in which United States eco-*
24 *nomics assistance has been least successful, as indi-*
25 *cated by the extent to which the specific objectives the*

1 *United States sought to achieve in providing the as-*
2 *stance for the country, as referred to in subsection*
3 *(a)(1)(A), were not achieved.*

4 *For each country listed pursuant to paragraph (2), the re-*
5 *port shall explain why the assistance was not more success-*
6 *ful and shall specify what the United States has done as*
7 *a result.*

8 *(c) DE MINIMUS EXCEPTION.—Information under*
9 *subsections (a) and (b) for a fiscal year shall not be required*
10 *with respect to a country for which United States economic*
11 *assistance for the country for the fiscal year is less than*
12 *\$5,000,000.*

13 ***DIVISION B—REAUTHORIZATION***
14 ***AND EXPANSION OF THE***
15 ***PEACE CORPS***

16 ***TITLE X—GENERAL PROVISIONS***

17 ***SEC. 1001. DEFINITIONS.***

18 *In this division:*

19 *(1) APPROPRIATE CONGRESSIONAL COMMIT-*
20 *TEES.—The term “appropriate congressional commit-*
21 *tees” means the Committee on International Relations*
22 *of the House of Representatives and the Committee on*
23 *Foreign Relations of the Senate.*

24 *(2) DIRECTOR.—The term “Director” means the*
25 *Director of the Peace Corps.*

1 (3) *HOST COUNTRY.*—*The term “host country”*
2 *means a country whose government has invited the*
3 *Peace Corps to establish a Peace Corps program with-*
4 *in the territory of the country.*

5 (4) *PEACE CORPS VOLUNTEER.*—*The term*
6 *“Peace Corps volunteer” means a volunteer or a vol-*
7 *unteer leader under the Peace Corps Act.*

8 (5) *RETURNED PEACE CORPS VOLUNTEER.*—*The*
9 *term “returned Peace Corps volunteer” means a per-*
10 *son who has been certified by the Director as having*
11 *served satisfactorily as a Peace Corps volunteer.*

12 **SEC. 1002. FINDINGS.**

13 *Congress makes the following findings:*

14 (1) *The Peace Corps was established in 1961 to*
15 *promote world peace and friendship through the serv-*
16 *ice abroad of volunteers who are United States citi-*
17 *zens. The spirit of service and commitment to helping*
18 *others is a fundamental component of democracy.*

19 (2) *Since its establishment, more than 168,000*
20 *volunteers have served in the Peace Corps in 136*
21 *countries throughout the world.*

22 (3) *The three goals codified in the Peace Corps*
23 *Act which have guided the Peace Corps and its volun-*
24 *teers over the years, can work in concert to promote*
25 *global acceptance of the principles of international*

1 *peace and nonviolent coexistence among peoples of di-*
2 *verse cultures and systems of government.*

3 *(4) The Peace Corps has sought to fulfill three*
4 *goals—to help people in developing countries meet*
5 *basic needs, promote understanding abroad of the val-*
6 *ues and ideals of the United States, and promote an*
7 *understanding of other peoples by the people of the*
8 *United States.*

9 *(5) After more than 40 years of operation, the*
10 *Peace Corps remains the world's premier inter-*
11 *national service organization dedicated to promoting*
12 *grassroots development by working with families and*
13 *communities to improve health care for children, ex-*
14 *pend agricultural production, teach in schools, fight*
15 *infectious diseases, protect the environment, and ini-*
16 *tiate small business opportunities.*

17 *(6) The Peace Corps remains committed to send-*
18 *ing well trained and well supported Peace Corps vol-*
19 *unteers overseas to promote international peace, cross-*
20 *cultural awareness, and mutual understanding be-*
21 *tween the United States and other countries.*

22 *(7) The Peace Corps is an independent agency,*
23 *and, therefore, no Peace Corps personnel or volunteers*
24 *should be used to accomplish any goal other than the*
25 *goals established by the Peace Corps Act.*

1 (8) *The Crisis Corps has been an effective tool in*
2 *harnessing the skills and talents of returned Peace*
3 *Corps volunteers and should be expanded, to the max-*
4 *imum extent practicable, to utilize the talent of re-*
5 *turned Peace Corps volunteers.*

6 (9) *In fiscal year 2003, the Peace Corps is oper-*
7 *ating with an annual budget of \$295,000,000 in 70*
8 *countries, with more than 7,000 Peace Corps volun-*
9 *teers.*

10 (10) *There is deep misunderstanding and misin-*
11 *formation in many parts of the world, particularly in*
12 *countries with substantial Muslim populations, with*
13 *respect to United States values and ideals. A new or*
14 *expanded Peace Corps presence in such places could*
15 *foster better understanding between the people of the*
16 *United States and such countries.*

17 (11) *Congress has declared, and the Peace Corps*
18 *Act provides, that the Peace Corps shall maintain, to*
19 *the maximum extent practicable and appropriate, a*
20 *volunteer corps of at least 10,000 individuals.*

21 (12) *President George W. Bush has called for the*
22 *doubling of the number of Peace Corps volunteers in*
23 *service.*

24 (13) *Any expansion of the Peace Corps should*
25 *not jeopardize the quality of the Peace Corps volun-*

1 *teer experience and, therefore, necessitates, among*
2 *other things, an appropriate increase in field and*
3 *headquarters support staff.*

4 *(14) In order to ensure that the proposed expan-*
5 *sion of the Peace Corps preserves the integrity of the*
6 *program and the security of volunteers, the integrated*
7 *Planning and Budget System supported by the Office*
8 *of Planning and Policy Analysis should continue its*
9 *focus on strategic planning.*

10 *(15) A streamlined, bipartisan Peace Corps Na-*
11 *tional Advisory Council composed of distinguished re-*
12 *turned Peace Corps volunteers, former Peace Corps*
13 *staff, and other individuals with diverse backgrounds*
14 *and expertise can be a source of ideas and suggestions*
15 *that may be useful to the Director of the Peace Corps*
16 *as the Director discharges the duties and responsibil-*
17 *ities as head of the agency.*

18 **TITLE XI—AMENDMENTS TO**
19 **PEACE CORPS ACT; RELATED**
20 **PROVISIONS**

21 **SEC. 1101. ADVANCING THE GOALS OF THE PEACE CORPS.**

22 *(a) RECRUITMENT OF VOLUNTEERS.—Section 2A of*
23 *the Peace Corps Act (22 U.S.C. 2501–1) is amended by add-*
24 *ing at the end the following new sentence: “As an inde-*

1 pendent agency, the Peace Corps shall be responsible for re-
2 cruiting all of its volunteers.”.

3 (b) *DETAILS AND ASSIGNMENTS.*—Section 5(g) of the
4 Peace Corps Act (22 U.S.C. 2504(g)) is amended by striking
5 “Provided, That” and inserting “Provided, That such detail
6 or assignment furthers the fulfillment of Peace Corps’ devel-
7 opment and public diplomacy goals as described in section
8 2: Provided further, That”.

9 **SEC. 1102. REPORTS AND CONSULTATIONS.**

10 (a) *ANNUAL REPORTS; CONSULTATIONS ON NEW INI-*
11 *TIATIVES.*—Section 11 of the Peace Corps Act (22 U.S.C.
12 2510) is amended to read as follows:

13 **“SEC. 11. ANNUAL REPORTS; CONSULTATIONS ON NEW INI-**
14 **TIATIVES.**

15 “(a) *ANNUAL REPORTS.*—The Director shall transmit
16 to Congress, at least once in each fiscal year, a report on
17 operations under this Act. Each report shall contain infor-
18 mation—

19 “(1) describing efforts undertaken to improve co-
20 ordination of activities of the Peace Corps with ac-
21 tivities of international voluntary service organiza-
22 tions, such as the United Nations volunteer program,
23 and of host country voluntary service organizations,
24 including—

1 “(A) a description of the purpose and scope
2 of any development project which the Peace
3 Corps undertook during the preceding fiscal year
4 as a joint venture with any such international
5 or host country voluntary service organizations;
6 and

7 “(B) recommendations for improving co-
8 ordination of development projects between the
9 Peace Corps and any such international or host
10 country voluntary service organizations;

11 “(2) describing—

12 “(A) any major new initiatives that the
13 Peace Corps has under review for the upcoming
14 fiscal year, and any major initiatives that were
15 undertaken in the previous fiscal year that were
16 not included in prior reports to the Congress;

17 “(B) the rationale for undertaking such new
18 initiatives;

19 “(C) an estimate of the cost of such initia-
20 tives; and

21 “(D) the impact on the safety of volunteers;

22 “(3) describing in detail the Peace Corps plans,
23 including budgetary plans, to have 14,000 volunteers
24 in service by 2007 while maintaining the quality of
25 the volunteer experience, ensuring the safety and secu-

1 *riety of all volunteers, and providing for appropriate*
2 *administrative and other support; and*

3 *“(4) describing standard security procedures for*
4 *any country in which the Peace Corps operates pro-*
5 *grams or is considering doing so, as well as any spe-*
6 *cial security procedures contemplated because of*
7 *changed circumstances in specific countries, and as-*
8 *sessing whether security conditions would be en-*
9 *hanced—*

10 *“(A) by co-locating volunteers with inter-*
11 *national or local nongovernmental organizations;*
12 *or*

13 *“(B) with the placement of multiple volun-*
14 *teers in one location.*

15 *“(b) CONSULTATIONS ON NEW INITIATIVES.—The Di-*
16 *rector of the Peace Corps shall consult with the appropriate*
17 *congressional committees with respect to any major new*
18 *initiatives not previously discussed in the latest annual re-*
19 *port submitted to Congress under subsection (a) or in budg-*
20 *et presentations. Whenever possible, such consultations*
21 *should take place prior to the initiation of such initiatives,*
22 *or as soon as practicable thereafter.”.*

23 *(b) ONE-TIME REPORT ON STUDENT LOAN FORGIVE-*
24 *NESS PROGRAMS.—Not later than 30 days after the date*

1 *of enactment of this Act, the Director shall submit to the*
2 *appropriate congressional committees a report—*

3 (1) *describing the student loan forgiveness pro-*
4 *grams currently available to Peace Corps volunteers*
5 *upon completion of their service;*

6 (2) *comparing such programs with other Govern-*
7 *ment-sponsored student loan forgiveness programs;*
8 *and*

9 (3) *recommending any additional student loan*
10 *forgiveness programs which could attract more appli-*
11 *cations from low- and middle-income individuals who*
12 *are carrying considerable student-loan debt burdens.*

13 (c) *ANNUAL REPORT TO CONGRESS ON THE FEDERAL*
14 *EQUAL OPPORTUNITY RECRUITMENT PROGRAM*
15 *(FEORP).—Not later than 90 days after the date of enact-*
16 *ment of this Act and annually thereafter, the Director shall*
17 *report on the progress of the Peace Corps in recruiting his-*
18 *torically underrepresented groups. The Director shall pre-*
19 *pare this report in accordance with section 7201 of title*
20 *5, United States Code, and subpart B of part 720 of title*
21 *5, Code of Federal Regulations.*

22 (d) *REPORT ON MAINTAINING THE INTEGRITY OF THE*
23 *MEDICAL SCREENING AND MEDICAL PLACEMENT COORDI-*
24 *NATION PROCESSES.—Not later than 120 days after the*
25 *date of enactment of this Act, the Director shall prepare*

1 *and submit to the appropriate congressional committees a*
2 *report that—*

3 *(1) describes the medical screening procedures*
4 *and standards of the Office of Medical Services/*
5 *Screening Unit of the Peace Corps to determine*
6 *whether an applicant for Peace Corps service has*
7 *worldwide clearance, limited clearance, a deferral pe-*
8 *riod, or is not medically, including psychologically,*
9 *qualified to serve in the Peace Corps as a volunteer;*

10 *(2) describes the procedures and criteria for*
11 *matching applicants for Peace Corps service with a*
12 *host country to ensure that the applicant, reasonable*
13 *accommodations notwithstanding, can complete at*
14 *least two years of volunteer service without interrup-*
15 *tion to host country national projects due to foresee-*
16 *able medical conditions; and*

17 *(3) with respect to each of fiscal years 2000*
18 *through 2002 and the first six months of fiscal year*
19 *2003, states the number of—*

20 *(A) medical screenings conducted;*

21 *(B) applicants who have received worldwide*
22 *clearance, limited clearance, deferral periods,*
23 *and medical disqualifications to serve;*

1 (C) *Peace Corps volunteers who the agency*
2 *has had to separate from service due to the dis-*
3 *covery of undisclosed medical information; and*

4 (D) *Peace Corps volunteers who have termi-*
5 *nated their service early due to medical, includ-*
6 *ing psychological, reasons.*

7 **SEC. 1103. SPECIAL VOLUNTEER RECRUITMENT AND**
8 **PLACEMENT FOR CERTAIN COUNTRIES.**

9 (a) *REPORT.*—*Not later than 60 days after the date*
10 *of enactment of this Act, the Director shall submit to the*
11 *appropriate congressional committees a report that—*

12 (1) *describes the recruitment strategies to be em-*
13 *ployed by the Peace Corps to recruit and train volun-*
14 *teers with the appropriate language skills and interest*
15 *in serving in host countries; and*

16 (2) *lists the countries that the Director has deter-*
17 *mined should be priorities for special recruitment and*
18 *placement of Peace Corps volunteers.*

19 (b) *USE OF RETURNED PEACE CORPS VOLUNTEERS*
20 *AND FORMER STAFF.*—*The Director is authorized and*
21 *strongly urged to utilize the services of returned Peace Corps*
22 *volunteers and former Peace Corps staff who have relevant*
23 *language and cultural experience and may have served pre-*
24 *viously in countries with substantial Muslim populations,*

1 *in order to open or reopen Peace Corps programs in such*
2 *countries.*

3 **SEC. 1104. GLOBAL INFECTIOUS DISEASES INITIATIVE; CO-**
4 **ORDINATION OF HIV/AIDS ACTIVITIES.**

5 (a) *INITIATIVE.*—

6 (1) *IN GENERAL.*—*The Director, in cooperation*
7 *with international public health experts, such as the*
8 *Centers for Disease Control and Prevention, the Na-*
9 *tional Institutes of Health, the World Health Organi-*
10 *zation, the Pan American Health Organization, and*
11 *local public health officials, shall expand the Peace*
12 *Corps' program of training for Peace Corps volun-*
13 *teers in the areas of education, prevention, and treat-*
14 *ment of infectious diseases which are prevalent in*
15 *host countries in order to ensure that the Peace Corps*
16 *increases its contribution to the global campaign*
17 *against such diseases.*

18 (2) *ADDITIONAL REQUIREMENT.*—*Activities for*
19 *the education, prevention, and treatment of infectious*
20 *diseases in host countries by the Peace Corps shall be*
21 *undertaken in a manner that is consistent with ac-*
22 *tivities authorized under sections 104(c), 104A, 104B,*
23 *and 104C of the Foreign Assistance Act of 1961.*

24 (b) *COORDINATION OF HIV/AIDS ACTIVITIES.*—

1 (1) *IN GENERAL.*—*The Director should designate*
2 *an officer or employee of the Peace Corps who is lo-*
3 *cated in the United States to coordinate all HIV/*
4 *AIDS activities within the Peace Corps. Such indi-*
5 *vidual may be an individual who is an officer or em-*
6 *ployee of the Peace Corps on the date of the enactment*
7 *of this Act.*

8 (2) *FIELD COORDINATION.*—*In addition to the*
9 *position established under paragraph (1), the Director*
10 *should designate an individual within each country*
11 *in sub-Saharan Africa, the Western Hemisphere, and*
12 *Asia in which Peace Corps volunteers carry out HIV/*
13 *AIDS activities to coordinate all such activities of the*
14 *Peace Corps in such countries.*

15 (c) *DEFINITIONS.*—*In this section:*

16 (1) *AIDS.*—*The term “AIDS” means the ac-*
17 *quired immune deficiency syndrome.*

18 (2) *HIV.*—*The term “HIV” means the human*
19 *immunodeficiency virus, the pathogen that causes*
20 *AIDS.*

21 (3) *HIV/AIDS.*—*The term “HIV/AIDS” means,*
22 *with respect to an individual, an individual who is*
23 *infected with HIV or living with AIDS.*

1 (4) *INFECTIOUS DISEASES*.—The term “*infec-*
2 *tious diseases*” means *HIV/AIDS, tuberculosis, and*
3 *malaria*.

4 **SEC. 1105. PEACE CORPS NATIONAL ADVISORY COUNCIL.**

5 *Section 12 of the Peace Corps Act (22 U.S.C. 2511;*
6 *relating to the Peace Corps National Advisory Council) is*
7 *amended—*

8 (1) *in subsection (b)(2)—*

9 (A) *in subparagraph (C), by striking “and”*
10 *after the semicolon;*

11 (B) *by redesignating subparagraph (D) as*
12 *subparagraph (E); and*

13 (C) *by inserting after subparagraph (C) the*
14 *following:*

15 “(D) *make recommendations for utilizing the ex-*
16 *pertise of returned Peace Corps volunteers and former*
17 *Peace Corps staff in fulfilling the goals of the Peace*
18 *Corps; and”;*

19 (2) *in subsection (c)(2)—*

20 (A) *in subparagraph (A)—*

21 (i) *in the first sentence—*

22 (I) *by striking “fifteen” and in-*
23 *serting “eleven”; and*

24 (II) *by striking “President, by*
25 *and with the advice and consent of the*

1 *Senate*” and inserting “*Director of the*
2 *Peace Corps*”; and

3 (ii) by striking the second sentence and
4 inserting the following: “*Six of the members*
5 *shall be former Peace Corps volunteers, at*
6 *least one of whom shall have been a former*
7 *staff member abroad or in the Washington*
8 *headquarters, and not more than six shall*
9 *be members of the same political party.*”;

10 (B) by striking subparagraph (B);

11 (C) by amending subparagraph (D) to read
12 as follows:

13 “(D) *The members of the Council shall be appointed*
14 *to 2-year terms.*”;

15 (D) in subparagraph (H), by striking
16 “*nine*” and inserting “*seven*”;

17 (E) in subparagraph (I), by striking
18 “*President shall nominate*” and inserting “*Di-*
19 *rector shall appoint*”; and

20 (F) by redesignating subparagraphs (C),
21 (D), (E), (F), (G), (H), and (I) as subpara-
22 graphs (B), (C), (D), (E), (F), (G), and (H), re-
23 spectively; and

24 (3) by amending subsection (g) to read as fol-
25 lows:

1 “(g) CHAIR.—The Director shall designate one of the
2 voting members of the Council as Chair, who shall serve
3 in that capacity for a term of two years. The Director may
4 renew the term of a voting member appointed as Chair
5 under the preceding sentence.”.

6 **SEC. 1106. READJUSTMENT ALLOWANCES.**

7 *The Peace Corps Act is amended—*

8 (1) *in section 5(c) (22 U.S.C. 2504(c)), by strik-*
9 *ing “\$125 for each month of satisfactory service” and*
10 *inserting “\$275 for each month of satisfactory service*
11 *during fiscal year 2004 and \$300 for each month of*
12 *satisfactory service thereafter”;* and

13 (2) *in section 6(1) (22 U.S.C. 2505(1)), by strik-*
14 *ing “\$125 for each month of satisfactory service” and*
15 *inserting “\$275 for each month of satisfactory service*
16 *during fiscal year 2004 and \$300 for each month of*
17 *satisfactory service thereafter”.*

18 **SEC. 1107. PROGRAMS AND PROJECTS OF RETURNED**
19 **PEACE CORPS VOLUNTEERS AND FORMER**
20 **STAFF.**

21 (a) *PURPOSE.—The purpose of this section is to pro-*
22 *vide support for returned Peace Corps volunteers to develop*
23 *and carry out programs and projects to promote the objec-*
24 *tives of the Peace Corps Act, as set forth in section 2(a)*
25 *of that Act (22 U.S.C. 2501(a)).*

1 (b) *GRANTS TO CERTAIN NONPROFIT CORPORA-*
2 *TIONS.—*

3 (1) *GRANT AUTHORITY.—*

4 (A) *IN GENERAL.—To carry out the purpose*
5 *of this section, and subject to the availability of*
6 *appropriations, the Director may award grants*
7 *on a competitive basis to private nonprofit cor-*
8 *porations for the purpose of enabling returned*
9 *Peace Corps volunteers to use their knowledge*
10 *and expertise to develop and carry out the pro-*
11 *grams and projects described in paragraph (2).*

12 (B) *DELEGATION OF AUTHORITY AND*
13 *TRANSFER OF FUNDS.—The Director may dele-*
14 *gate the authority to award grants under sub-*
15 *paragraph (A) and may transfer funds author-*
16 *ized under this section subject to the notification*
17 *procedures of section 634A of the Foreign Assist-*
18 *ance Act of 1961 to the Chief Executive Officer*
19 *of the Corporation for National and Community*
20 *Service (referred to in this section as the “Cor-*
21 *poration”).*

22 (2) *PROGRAMS AND PROJECTS.—Such programs*
23 *and projects may include—*

24 (A) *educational programs designed to en-*
25 *rich the knowledge and interest of elementary*

1 *school and secondary school students in the geog-*
2 *raphy and cultures of other countries where the*
3 *volunteers have served;*

4 *(B) projects that involve partnerships with*
5 *local libraries to enhance community knowledge*
6 *about other peoples and countries; and*

7 *(C) audio-visual projects that utilize mate-*
8 *rials collected by the volunteers during their*
9 *service that would be of educational value to*
10 *communities.*

11 *(3) ELIGIBILITY FOR GRANTS.—To be eligible to*
12 *compete for grants under this section, a nonprofit cor-*
13 *poration shall have a board of directors composed of*
14 *returned Peace Corps volunteers and former Peace*
15 *Corps staff with a background in community service,*
16 *education, or health. If the grants are made by the*
17 *Corporation, the nonprofit corporation shall meet all*
18 *appropriate Corporation management requirements,*
19 *as determined by the Corporation.*

20 *(c) GRANT REQUIREMENTS.—Such grants shall be*
21 *made pursuant to a grant agreement between the Peace*
22 *Corps or the Corporation and the nonprofit corporation*
23 *that requires that—*

24 *(1) the grant funds will only be used to support*
25 *programs and projects described in subsection (a)*

1 *pursuant to proposals submitted by returned Peace*
2 *Corps volunteers (either individually or cooperatively*
3 *with other returned volunteers);*

4 *(2) the nonprofit corporation will give consider-*
5 *ation to funding individual programs or projects by*
6 *returned Peace Corps volunteers, in amounts of not*
7 *more than \$50,000, under this section;*

8 *(3) not more than 20 percent of the grant funds*
9 *made available to the nonprofit corporation will be*
10 *used for the salaries, overhead, or other administra-*
11 *tive expenses of the nonprofit corporation;*

12 *(4) the nonprofit corporation will not receive*
13 *grant funds for programs or projects under this sec-*
14 *tion for a third or subsequent year unless the non-*
15 *profit corporation makes available, to carry out the*
16 *programs or projects during that year, non-Federal*
17 *contributions—*

18 *(A) in an amount not less than \$2 for every*
19 *\$3 of Federal funds provided through the grant;*
20 *and*

21 *(B) provided directly or through donations*
22 *from private entities, in cash or in kind, fairly*
23 *evaluated, including plant, equipment, or serv-*
24 *ices; and*

1 (5) *the nonprofit corporation shall manage, mon-*
2 *itor, and submit reports to the Peace Corps or the*
3 *Corporation, as the case may be, on each program or*
4 *project for which the nonprofit corporation receives a*
5 *grant under this section.*

6 (d) *STATUS OF THE FUND.*—*Nothing in this section*
7 *shall be construed to make any nonprofit corporation sup-*
8 *ported under this section an agency or establishment of the*
9 *Federal Government or to make the members of the board*
10 *of directors or any officer or employee of such nonprofit*
11 *corporation an officer or employee of the United States.*

12 (e) *FACTORS IN AWARDING GRANTS.*—*In determining*
13 *the number of nonprofit corporations to receive grants*
14 *under this section for any fiscal year, the Peace Corps or*
15 *the Corporation—*

16 (1) *shall take into consideration the need to min-*
17 *imize overhead costs that direct resources from the*
18 *funding of programs and projects; and*

19 (2) *shall seek to ensure a broad geographical dis-*
20 *tribution of grants for programs and projects under*
21 *this section.*

22 (f) *CONGRESSIONAL OVERSIGHT.*—*Grant recipients*
23 *under this section shall be subject to the appropriate over-*
24 *sight procedures of Congress.*

25 (g) *FUNDING.*—

1 (1) *IN GENERAL.*—*There is authorized to be ap-*
2 *propriated to carry out this section up to*
3 *\$10,000,000. Such sum shall be in addition to funds*
4 *made available to the Peace Corps under this divi-*
5 *sion.*

6 (2) *AVAILABILITY.*—*Amounts appropriated pur-*
7 *suant to paragraph (1) are authorized to remain*
8 *available until expended.*

9 *(h) CRISIS CORPS.*—

10 (1) *STATEMENT OF POLICY.*—*Congress states*
11 *that the Crisis Corps has been an effective tool in har-*
12 *nessing the skills and talents of returned Peace Corps*
13 *volunteers.*

14 (2) *INCREASE IN NUMBER OF CRISIS CORPS AS-*
15 *SIGNMENTS.*—*The Director, in consultation with the*
16 *governments of host countries and appropriate non-*
17 *governmental organizations, shall increase the number*
18 *of available Crisis Corps assignments for returned*
19 *Peace Corps volunteers to at least 120 assignments in*
20 *fiscal year 2004, 140 assignments in fiscal year 2005,*
21 *160 assignments in fiscal year 2006, and 165 assign-*
22 *ments in fiscal year 2007.*

23 **SEC. 1108. DECLARATION OF POLICY.**

24 *Congress declares its support for the goal announced*
25 *by President Bush of doubling the number of Peace Corps*

1 *volunteers to 14,000 by 2007 and supports the funding lev-*
2 *els necessary to accomplish this growth.*

3 **SEC. 1109. PEACE CORPS IN SIERRA LEONE.**

4 *(a) FINDINGS.—Congress makes the following findings:*

5 *(1) Peace Corps service to Sierra Leone was sus-*
6 *pende*d in 1994 due to a brutal civil war between the
7 *government and the Revolutionary United Front*
8 *(RUF).*

9 *(2) Backed by British military intervention and*
10 *a United Nations peacekeeping operation, government*
11 *authority has been reestablished throughout the coun-*
12 *try and “free and fair” national elections took place*
13 *in May 2002.*

14 *(3) Sierra Leone is a majority Muslim country.*

15 *(4) The Peace Corps has given the safety and se-*
16 *curity of its volunteers high priority.*

17 *(b) SENSE OF CONGRESS.—It is the sense of Congress*
18 *that the Peace Corps should return its program to Sierra*
19 *Leone as soon as security conditions are consistent with the*
20 *safety and security of its volunteers.*

21 **SEC. 1110. AUTHORIZATION OF APPROPRIATIONS.**

22 *Section 3(b)(1) of the Peace Corps Act (22 U.S.C.*
23 *2502(b)(1)) is amended by striking “and \$365,000,000 for*
24 *fiscal year 2003” and inserting “\$365,000,000 for fiscal*
25 *year 2003, \$366,868,000 for fiscal year 2004, \$411,800,000*

- 1 *for fiscal year 2005, \$455,930,000 for fiscal year 2006, and*
- 2 *\$499,400,000 for fiscal year 2007”.*

Union Calendar No. 112

108TH CONGRESS
1ST SESSION

H. R. 2441

[Report No. 108-205]

A BILL

To establish the Millennium Challenge Account to provide increased support for developing countries that have fostered democracy and the rule of law, invested in their citizens, and promoted economic freedom; to assess the impact and effectiveness of United States economic assistance; to authorize the expansion of the Peace Corps, and for other purposes.

JULY 14, 2003

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed